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AMENDED IN SENATE JUNE 11, 2013

AMENDED IN SENATE MAY 24, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

## ASSEMBLY BILL

**No. 662**

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**Introduced by Assembly Members Atkins, Dickinson, Mitchell,  
Perea, Ting, and Torres**  
(Coauthor: Senator Wolk)

February 21, 2013

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An act to amend Section 53395.4 of the Government Code, and to amend Sections 34163, 34171, 34177, 34180, 34183, 34191.4, and 34191.5—~~of the~~ *of the* Health and Safety Code, relating to local government.

### LEGISLATIVE COUNSEL'S DIGEST

AB 662, as amended, Atkins. Local government: redevelopment: successor agencies to redevelopment agencies.

(1) Existing law authorizes the creation of infrastructure financing districts, as defined, for the sole purpose of financing public facilities, subject to adoption of a resolution by the legislative body and affected taxing entities proposed to be subject to the division of taxes and voter approval requirements. Existing law prohibits an infrastructure financing district from including any portion of a redevelopment project area.

This bill would delete that prohibition and would authorize a district to finance a project or portion of a project that is located in, or overlaps

with, a redevelopment project area or former redevelopment project area, as specified.

(2) Existing law dissolved redevelopment agencies and community development agencies as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, make payments due for enforceable obligations and to perform obligations required pursuant to any enforceable obligation. Existing law prohibits a successor agency from entering into contracts with, incur obligations, or make commitments to, any entity, as specified, or to amend or modify existing agreements, obligations, or commitments with any entity, for any purpose.

This bill would authorize a successor agency, if the successor agency has received a finding of completion, to enter into, or amend existing, contracts and agreements, or otherwise administer projects in connection with long-term enforceable obligations, if the contract, agreement, or project will not commit new tax funds or otherwise adversely affect the flow of specified tax revenues or payments to the taxing agencies. The bill would require the successor agency to notify the oversight board at least 10 days prior to entering into or amending a contract or agreement under these provisions. The bill would authorize the oversight board to notify the successor agency during that 10-day period that the board intends to conduct a hearing to determine whether the contract or agreement will not commit new tax funds or otherwise adversely affect the flow of property tax revenues or payments to the taxing agencies and would require the board to hold the hearing and issue findings within 30 days after it so notified the successor agency.

(3) Existing law requires a successor agency to submit a Recognized Obligation Payment Schedule to the Department of Finance, and requires the successor agency to make payments pursuant to that schedule.

This bill would authorize the successor agency to schedule Recognized Obligation Payment Schedule payments beyond the existing Recognized Obligation Payment Schedule cycle upon a showing that a lender requires cash on hand beyond the Recognized Obligation Payment Schedule cycle, or when a payment is shown to be due during the Recognized Obligation Payment Schedule period. The bill would authorize the successor agency to utilize reasonable estimates and projections to support payment amounts where a payment is shown to be due during the Recognized Obligation Payment Schedule period but an invoice or other billing document has not been received, if the

successor agency submits appropriate supporting documentation for the basis of the estimate or projection to the department. The bill would provide that a Recognized Obligation Payment Schedule may also include appropriation of moneys from bonds subject to passage during the Recognized Obligation Payment Schedule cycle when an enforceable obligation requires the agency to issue the bonds and use the proceeds to pay for project expenditures.

(4) Existing law requires that specified actions of a successor agency be first approved by its oversight board, including, among others, the establishment of a Recognized Obligation Payment Schedule.

This bill would require a successor agency to notify the board 10 days prior to entering into a contract or agreement for the use or disposition of specified properties. The bill would authorize the board to notify the successor agency during that 10-day period that the board intends to conduct a hearing to determine whether the contract or agreement is consistent with the successor agency's long-range property management plan and would require the board to hold the hearing and issue findings within 30 days after it so notified the successor agency.

(5) Existing law requires the county auditor-controller to determine the amount of property taxes that would have been allocated to each redevelopment agency if it had not been dissolved and to deposit this amount in a Redevelopment Property Tax Trust Fund in the county. Existing law requires the conducting of a due diligence review to determine the unobligated balances available for transfer to affected taxing entities. Existing law requires the county auditor-controller for each fiscal year to allocate moneys in the Redevelopment Property Tax Trust Fund for passthrough payment obligations, enforceable obligations of the dissolved redevelopment agency, and administrative costs, as specified. Any remaining moneys in the Redevelopment Property Tax Trust Fund are required to be distributed as local property tax revenues to local agencies and school entities, as specified.

This bill would require that, on January 2, 2014, and twice yearly thereafter until June 1, 2018, funds be allocated to cover the housing entity administrative cost allowance of ~~a city, county, or city and county~~ *local housing authority* that has assumed the housing duties of the former redevelopment agency, as specified, before remaining moneys are distributed to local agencies and school entities. The bill would define "housing entity administrative cost allowance" for these purposes. This bill would also exclude from the calculation of the amount distributed to taxing entities during the 2012–13 base year the amounts

distributed to taxing entities pursuant to the due diligence review process. By imposing additional duties upon local public officials, the bill would create a state-mandated local program.

(6) Existing law requires a successor agency to prepare a long-range property management plan that addresses the disposition and use of the real properties of a former redevelopment agency and requires a transfer of the property to the city, county, or city and county if the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, as specified.

This bill would specify that the term “identified in an approved redevelopment plan” includes properties listed in a community plan or a 5-year implementation plan.

(7) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 53395.4 of the Government Code is  
2 amended to read:

3 53395.4. (a) A district may finance only the facilities or  
4 services authorized in this chapter to the extent that the facilities  
5 or services are in addition to those provided in the territory of the  
6 district before the district was created. The additional facilities or  
7 services may not supplant facilities or services already available  
8 within that territory when the district was created but may  
9 supplement those facilities and services as needed to serve new  
10 developments.

11 (b) A district may include areas that are not contiguous.

12 (c) A district may finance a project or portion of a project that  
13 is located in, or overlaps with, a redevelopment project area or  
14 former redevelopment project area. The successor agency to the  
15 former redevelopment agency shall receive a certificate of  
16 completion, as defined in Section 34179.7 of the Health and Safety  
17 Code, prior to the district financing any project or portion of a  
18 project under this subdivision.

(d) Notwithstanding subdivision (c), any debt or obligation of a district shall be subordinate to an enforceable obligation of a former redevelopment agency, as defined in Section 34171 of the Health and Safety Code. For the purposes of this chapter, the division of taxes allocated to the district pursuant to subdivision (b) of Section 53396 shall not include any taxes required to be deposited by the county auditor-controller into the Redevelopment Property Tax Trust Fund created pursuant to subdivision (b) of Section 34170.5 of the Health and Safety Code.

(e) The legislative body of the city forming the district may choose to dedicate any portion of its net available revenue to the district through the financing plan described in Section 53395.14.

(f) For the purposes of this section, “net available revenue” means periodic distributions to the city from the Redevelopment Property Tax Trust Fund, created pursuant to Section 34170.5 of the Health and Safety Code, that are available to the city after all preexisting legal commitments and statutory obligations funded from that revenue are made pursuant to Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code. Net available revenue shall not include any funds deposited by the county auditor-controller into the Redevelopment Property Tax Trust Fund or funds remaining in the Redevelopment Property Tax Trust Fund prior to distribution. Net available revenues shall not include any moneys payable to a school district that maintains kindergarten and grades 1 to 12, inclusive, community college districts, or to the Educational Revenue Augmentation Fund, pursuant to paragraph (4) of subdivision (a) of Section 34183 of the Health and Safety Code.

SEC. 2. Section 34163 of the Health and Safety Code is amended to read:

34163. Notwithstanding Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), and Part 1.7 (commencing with Section 34100), or any other law, commencing on the effective date of this part, an agency shall not have the authority to, and shall not, do any of the following:

(a) Make loans or advances or grant or enter into agreements to provide funds or provide financial assistance of any sort to any entity or person for any purpose, including, but not limited to, all of the following:

(1) Loans of moneys or any other thing of value or commitments to provide financing to nonprofit organizations to provide those organizations with financing for the acquisition, construction, rehabilitation, refinancing, or development of multifamily rental housing or the acquisition of commercial property for lease, each pursuant to Chapter 7.5 (commencing with Section 33741) of Part 1.

(2) Loans of moneys or any other thing of value for residential construction, improvement, or rehabilitation pursuant to Chapter 8 (commencing with Section 33750) of Part 1. These include, but are not limited to, construction loans to purchasers of residential housing, mortgage loans to purchasers of residential housing, and loans to mortgage lenders, or any other entity, to aid in financing pursuant to Chapter 8 (commencing with Section 33750).

(3) The purchase, by an agency, of mortgage or construction loans from mortgage lenders or from any other entities.

(b) (1) Enter into contracts with, incur obligations, or make commitments to, any entity, whether governmental, tribal, or private, or any individual or groups of individuals for any purpose, including, but not limited to, loan agreements, passthrough agreements, regulatory agreements, services contracts, leases, disposition and development agreements, joint exercise of powers agreements, contracts for the purchase of capital equipment, agreements for redevelopment activities, including, but not limited to, agreements for planning, design, redesign, development, demolition, alteration, construction, reconstruction, rehabilitation, site remediation, site development or improvement, removal of graffiti, land clearance, and seismic retrofits.

(2) Notwithstanding paragraph (1), if a successor agency has received a finding of completion, the successor agency may enter into, or amend existing, contracts and agreements, or otherwise administer projects in connection with long-term enforceable obligations, if the contract, agreement, or project will not commit new tax funds, and will not otherwise adversely affect the flow of property tax revenues or payments made pursuant to paragraph (4) of subdivision (a) of Section 34183 to the taxing agencies. The successor agency shall provide notice to the oversight board at least 10 days prior to entering into or amending a contract or agreement pursuant to this paragraph. During the 10-day period the oversight board may notify the successor agency that the board

1 intends to conduct a hearing to determine whether the contract or  
2 agreement will not commit new tax funds or otherwise adversely  
3 affect the flow of property tax revenues or payments to the taxing  
4 agencies. The board shall hold the hearing and issue findings within  
5 30 days after it so notified the successor agency.

6 (c) Amend or modify existing agreements, obligations, or  
7 commitments with any entity, for any purpose, including, but not  
8 limited to, any of the following:

9 (1) Renewing or extending term of leases or other agreements,  
10 except that the agency may extend lease space for its own use to  
11 a date not to exceed six months after the effective date of the act  
12 adding this part and for a rate no more than 5 percent above the  
13 rate the agency currently pays on a monthly basis.

14 (2) Modifying terms and conditions of existing agreements,  
15 obligations, or commitments.

16 (3) Forgiving all or any part of the balance owed to the agency  
17 on existing loans or extend the term or change the terms and  
18 conditions of existing loans.

19 (4) Making any future deposits to the Low and Moderate Income  
20 Housing Fund created pursuant to Section 33334.3.

21 (5) Transferring funds out of the Low and Moderate Income  
22 Housing Fund, except to meet the minimum housing-related  
23 obligations that existed as of January 1, 2011, to make required  
24 payments under Sections 33690 and 33690.5, and to borrow funds  
25 pursuant to Section 34168.5.

26 (d) Dispose of assets by sale, long-term lease, gift, grant,  
27 exchange, transfer, assignment, or otherwise, for any purpose,  
28 including, but not limited to, any of the following:

29 (1) Assets, including, but not limited to, real property, deeds of  
30 trust, and mortgages held by the agency, moneys, accounts  
31 receivable, contract rights, proceeds of insurance claims, grant  
32 proceeds, settlement payments, rights to receive rents, and any  
33 other rights to payment of whatever kind.

34 (2) Real property, including, but not limited to, land, land under  
35 water and waterfront property, buildings, structures, fixtures, and  
36 improvements on the land, any property appurtenant to, or used  
37 in connection with, the land, every estate, interest, privilege,  
38 easement, franchise, and right in land, including rights-of-way,  
39 terms for years, and liens, charges, or encumbrances by way of

1 judgment, mortgage, or otherwise, and the indebtedness secured  
2 by the liens.

3 (e) Acquire real property by any means for any purpose,  
4 including, but not limited to, the purchase, lease, or exercising of  
5 an option to purchase or lease, exchange, subdivide, transfer,  
6 assume, obtain option upon, acquire by gift, grant, bequest, devise,  
7 or otherwise acquire any real property, any interest in real property,  
8 and any improvements on it, including the repurchase of developed  
9 property previously owned by the agency and the acquisition of  
10 real property by eminent domain; provided, however, that nothing  
11 in this subdivision is intended to prohibit the acceptance or transfer  
12 of title for real property acquired prior to the effective date of this  
13 part.

14 (f) Transfer, assign, vest, or delegate any of its assets, funds,  
15 rights, powers, ownership interests, or obligations for any purpose  
16 to any entity, including, but not limited to, the community, the  
17 legislative body, another member of a joint powers authority, a  
18 trustee, a receiver, a partner entity, another agency, a nonprofit  
19 corporation, a contractual counterparty, a public body, a  
20 limited-equity housing cooperative, the state, a political subdivision  
21 of the state, the federal government, any private entity, or an  
22 individual or group of individuals.

23 (g) Accept financial or other assistance from the state or federal  
24 government or any public or private source if the acceptance  
25 necessitates or is conditioned upon the agency incurring  
26 indebtedness as that term is described in this part.

27 SEC. 3. Section 34171 of the Health and Safety Code is  
28 amended to read:

29 34171. The following terms shall have the following meanings:

30 (a) “Administrative budget” means the budget for administrative  
31 costs of the successor agencies as provided in Section 34177.

32 (b) “Administrative cost allowance” means an amount that,  
33 subject to the approval of the oversight board, is payable from  
34 property tax revenues of up to 5 percent of the property tax  
35 allocated to the successor agency on the Recognized Obligation  
36 Payment Schedule covering the period January 1, 2012, through  
37 June 30, 2012, and up to 3 percent of the property tax allocated to  
38 the Redevelopment Obligation Retirement Fund money that is  
39 allocated to the successor agency for each fiscal year thereafter;  
40 provided, however, that the amount shall not be less than two



1 hundred fifty thousand dollars (\$250,000), unless the oversight  
2 board reduces this amount, for any fiscal year or such lesser amount  
3 as agreed to by the successor agency. However, the allowance  
4 amount shall exclude, and shall not apply to, any administrative  
5 costs that can be paid from bond proceeds or from sources other  
6 than property tax. Administrative cost allowances shall exclude  
7 any litigation expenses related to assets or obligations, settlements  
8 and judgments, and the costs of maintaining assets prior to  
9 disposition. Employee costs associated with work on specific  
10 project implementation activities, including, but not limited to,  
11 construction inspection, project management, or actual  
12 construction, shall be considered project-specific costs and shall  
13 not constitute administrative costs.

14 (c) “Designated local authority” shall mean a public entity  
15 formed pursuant to subdivision (d) of Section 34173.

16 (d) (1) “Enforceable obligation” means any of the following:

17 (A) Bonds, as defined by Section 33602 and bonds issued  
18 pursuant to Chapter 10.5 (commencing with Section 5850) of  
19 Division 6 of Title 1 of the Government Code, including the  
20 required debt service, reserve set-asides, and any other payments  
21 required under the indenture or similar documents governing the  
22 issuance of the outstanding bonds of the former redevelopment  
23 agency. A reserve may be held when required by the bond  
24 indenture or when the next property tax allocation will be  
25 insufficient to pay all obligations due under the provisions of the  
26 bond for the next payment due in the following half of the calendar  
27 year.

28 (B) Loans of moneys borrowed by the redevelopment agency  
29 for a lawful purpose, to the extent they are legally required to be  
30 repaid pursuant to a required repayment schedule or other  
31 mandatory loan terms.

32 (C) Payments required by the federal government, preexisting  
33 obligations to the state or obligations imposed by state law, other  
34 than passthrough payments that are made by the county  
35 auditor-controller pursuant to Section 34183, or legally enforceable  
36 payments required in connection with the agencies’ employees,  
37 including, but not limited to, pension payments, pension obligation  
38 debt service, unemployment payments, or other obligations  
39 conferred through a collective bargaining agreement. Costs incurred  
40 to fulfill collective bargaining agreements for layoffs or

1 terminations of city employees who performed work directly on  
2 behalf of the former redevelopment agency shall be considered  
3 enforceable obligations payable from property tax funds. The  
4 obligations to employees specified in this subparagraph shall  
5 remain enforceable obligations payable from property tax funds  
6 for any employee to whom those obligations apply if that employee  
7 is transferred to the entity assuming the housing functions of the  
8 former redevelopment agency pursuant to Section 34176. The  
9 successor agency or designated local authority shall enter into an  
10 agreement with the housing entity to reimburse it for any costs of  
11 the employee obligations.

12 (D) Judgments or settlements entered by a competent court of  
13 law or binding arbitration decisions against the former  
14 redevelopment agency, other than passthrough payments that are  
15 made by the county auditor-controller pursuant to Section 34183.  
16 Along with the successor agency, the oversight board shall have  
17 the authority and standing to appeal any judgment or to set aside  
18 any settlement or arbitration decision.

19 (E) Any legally binding and enforceable agreement or contract  
20 that is not otherwise void as violating the debt limit or public  
21 policy. However, nothing in this act shall prohibit either the  
22 successor agency, with the approval or at the direction of the  
23 oversight board, or the oversight board itself from terminating any  
24 existing agreements or contracts and providing any necessary and  
25 required compensation or remediation for such termination. Titles  
26 of or headings used on or in a document shall not be relevant in  
27 determining the existence of an enforceable obligation.

28 (F) Contracts or agreements necessary for the administration or  
29 operation of the successor agency, in accordance with this part,  
30 including, but not limited to, agreements concerning litigation  
31 expenses related to assets or obligations, settlements and  
32 judgments, and the costs of maintaining assets prior to disposition,  
33 and agreements to purchase or rent office space, equipment and  
34 supplies, and pay-related expenses pursuant to Section 33127 and  
35 for carrying insurance pursuant to Section 33134.

36 (G) Amounts borrowed from, or payments owing to, the Low  
37 and Moderate Income Housing Fund of a redevelopment agency,  
38 which had been deferred as of the effective date of the act adding  
39 this part; provided, however, that the repayment schedule is  
40 approved by the oversight board. Repayments shall be transferred

1 to the Low and Moderate Income Housing Asset Fund established  
2 pursuant to subdivision (d) of Section 34176 as a housing asset  
3 and shall be used in a manner consistent with the affordable  
4 housing requirements of the Community Redevelopment Law (Part  
5 1 (commencing with Section 33000)).

6 (2) For purposes of this part, “enforceable obligation” does not  
7 include any agreements, contracts, or arrangements between the  
8 city, county, or city and county that created the redevelopment  
9 agency and the former redevelopment agency. However, written  
10 agreements entered into (A) at the time of issuance, but in no event  
11 later than December 31, 2010, of indebtedness obligations, and  
12 (B) solely for the purpose of securing or repaying those  
13 indebtedness obligations may be deemed enforceable obligations  
14 for purposes of this part. Notwithstanding this paragraph, loan  
15 agreements entered into between the redevelopment agency and  
16 the city, county, or city and county that created it, within two years  
17 of the date of creation of the redevelopment agency, may be  
18 deemed to be enforceable obligations.

19 (3) Contracts or agreements between the former redevelopment  
20 agency and other public agencies, to perform services or provide  
21 funding for governmental or private services or capital projects  
22 outside of redevelopment project areas that do not provide benefit  
23 to the redevelopment project and thus were not properly authorized  
24 under Part 1 (commencing with Section 33000) shall be deemed  
25 void on the effective date of this part; provided, however, that such  
26 contracts or agreements for the provision of housing properly  
27 authorized under Part 1 (commencing with Section 33000) shall  
28 not be deemed void.

29 (e) “Indebtedness obligations” means bonds, notes, certificates  
30 of participation, or other evidence of indebtedness, issued or  
31 delivered by the redevelopment agency, or by a joint exercise of  
32 powers authority created by the redevelopment agency, to  
33 third-party investors or bondholders to finance or refinance  
34 redevelopment projects undertaken by the redevelopment agency  
35 in compliance with the Community Redevelopment Law (Part 1  
36 (commencing with Section 33000)).

37 (f) “Oversight board” shall mean each entity established pursuant  
38 to Section 34179.

39 (g) “Recognized obligation” means an obligation listed in the  
40 Recognized Obligation Payment Schedule.

1 (h) “Recognized Obligation Payment Schedule” means the  
2 document setting forth the minimum payment amounts and due  
3 dates of payments required by enforceable obligations for each  
4 six-month fiscal period as provided in subdivision (m) of Section  
5 34177.

6 (i) “School entity” means any entity defined as such in  
7 subdivision (f) of Section 95 of the Revenue and Taxation Code.

8 (j) “Successor agency” means the successor entity to the former  
9 redevelopment agency as described in Section 34173.

10 (k) “Taxing entities” means cities, counties, a city and county,  
11 special districts, and school entities, as defined in subdivision (f)  
12 of Section 95 of the Revenue and Taxation Code, that receive  
13 passthrough payments and distributions of property taxes pursuant  
14 to the provisions of this part.

15 (l) “Property taxes” include all property tax revenues, including  
16 those from unitary and supplemental and roll corrections applicable  
17 to tax increment.

18 (m) “Department” means the Department of Finance unless the  
19 context clearly refers to another state agency.

20 (n) “Sponsoring entity” means the city, county, or city and  
21 county, or other entity that authorized the creation of each  
22 redevelopment agency.

23 (o) “Final judicial determination” means a final judicial  
24 determination made by any state court that is not appealed, or by  
25 a court of appellate jurisdiction that is not further appealed, in an  
26 action by any party.

27 (p) From January 2, 2014, to June 1, 2018, inclusive, “housing  
28 entity administrative cost allowance” means an amount of up to 1  
29 percent of the property tax allocated to the Redevelopment  
30 Obligation Retirement Fund on behalf of the successor agency for  
31 each applicable fiscal year, but not less than one hundred fifty  
32 thousand dollars (\$150,000) per fiscal year.

33 (1) The housing entity administrative cost allowance shall be  
34 listed by the successor agency on the Recognized Obligation  
35 Payment Schedule. Upon approval of the Recognized Obligation  
36 Payment Schedule by the oversight board and the department, the  
37 housing entity administrative cost allowance shall be remitted by  
38 the county auditor-controller on each January 2 and June 1 to the  
39 ~~city, county, or city and county~~ *local housing authority* that  
40 assumed the housing functions of the former redevelopment agency

1 pursuant to *paragraph (2) or (3) of subdivision (b) of Section*  
2 34176. To assist the county auditor-controller in this duty, the  
3 successor agency shall notify the county auditor-controller by  
4 January 2, 2014, of the identity of the entity that has assumed the  
5 housing functions of the former redevelopment agency.

6 (2) If there are insufficient moneys in the Redevelopment  
7 Obligations Retirement Fund in a given fiscal year to make the  
8 payment authorized by this subdivision, the unfunded amount may  
9 be listed on each subsequent Recognized Obligation Payment  
10 Schedule until it has been paid in full. In these cases the five-year  
11 time limit on the payments shall not apply.

12 SEC. 4. Section 34177 of the Health and Safety Code is  
13 amended to read:

14 34177. Successor agencies are required to do all of the  
15 following:

16 (a) Continue to make payments due for enforceable obligations.

17 (1) On and after February 1, 2012, and until a Recognized  
18 Obligation Payment Schedule becomes operative, only payments  
19 required pursuant to an enforceable obligations payment schedule  
20 shall be made. The initial enforceable obligation payment schedule  
21 shall be the last schedule adopted by the redevelopment agency  
22 under Section 34169. However, payments associated with  
23 obligations excluded from the definition of enforceable obligations  
24 by paragraph (2) of subdivision (d) of Section 34171 shall be  
25 excluded from the enforceable obligations payment schedule and  
26 be removed from the last schedule adopted by the redevelopment  
27 agency under Section 34169 prior to the successor agency adopting  
28 it as its enforceable obligations payment schedule pursuant to this  
29 subdivision. The enforceable obligation payment schedule may  
30 be amended by the successor agency at any public meeting and  
31 shall be subject to the approval of the oversight board as soon as  
32 the board has sufficient members to form a quorum. In recognition  
33 of the fact that the timing of the California Supreme Court's ruling  
34 in the case California Redevelopment Association v. Matosantos  
35 (2011) 53 Cal.4th 231 delayed the preparation by successor  
36 agencies and the approval by oversight boards of the January 1,  
37 2012, through June 30, 2012, Recognized Obligation Payment  
38 Schedule, a successor agency may amend the Enforceable  
39 Obligation Payment Schedule to authorize the continued payment  
40 of enforceable obligations until the time that the January 1, 2012,

1 through June 30, 2012, Recognized Obligation Payment Schedule  
2 has been approved by the oversight board and by the Department  
3 of Finance. The successor agency may utilize reasonable estimates  
4 and projections to support payment amounts for enforceable  
5 obligations if the successor agency submits appropriate supporting  
6 documentation of the basis for the estimate or projection to the  
7 Department of Finance.

8 (2) The Department of Finance and the Controller shall each  
9 have the authority to require any documents associated with the  
10 enforceable obligations to be provided to them in a manner of their  
11 choosing. Any taxing entity, the department, and the Controller  
12 shall each have standing to file a judicial action to prevent a  
13 violation under this part and to obtain injunctive or other  
14 appropriate relief.

15 (3) Commencing on the date the Recognized Obligation Payment  
16 Schedule is valid pursuant to subdivision (l), only those payments  
17 listed in the Recognized Obligation Payment Schedule may be  
18 made by the successor agency from the funds specified in the  
19 Recognized Obligation Payment Schedule. In addition, after it  
20 becomes valid, the Recognized Obligation Payment Schedule shall  
21 supersede the Statement of Indebtedness, which shall no longer  
22 be prepared nor have any effect under the Community  
23 Redevelopment Law (Part 1 (commencing with Section 33000)).

24 (4) Nothing in the act adding this part is to be construed as  
25 preventing a successor agency, with the prior approval of the  
26 oversight board, as described in Section 34179, from making  
27 payments for enforceable obligations from sources other than those  
28 listed in the Recognized Obligation Payment Schedule.

29 (5) From February 1, 2012, to July 1, 2012, a successor agency  
30 shall have no authority and is hereby prohibited from accelerating  
31 payment or making any lump-sum payments that are intended to  
32 prepay loans unless such accelerated repayments were required  
33 prior to the effective date of this part.

34 (b) Maintain reserves in the amount required by indentures,  
35 trust indentures, or similar documents governing the issuance of  
36 outstanding redevelopment agency bonds.

37 (c) Perform obligations required pursuant to any enforceable  
38 obligation.

39 (d) Remit unencumbered balances of redevelopment agency  
40 funds to the county auditor-controller for distribution to the taxing

1 entities, including, but not limited to, the unencumbered balance  
2 of the Low and Moderate Income Housing Fund of a former  
3 redevelopment agency. In making the distribution, the county  
4 auditor-controller shall utilize the same methodology for allocation  
5 and distribution of property tax revenues provided in Section  
6 34188.

7 (e) Dispose of assets and properties of the former redevelopment  
8 agency as directed by the oversight board; provided, however, that  
9 the oversight board may instead direct the successor agency to  
10 transfer ownership of certain assets pursuant to subdivision (a) of  
11 Section 34181. The disposal is to be done expeditiously and in a  
12 manner aimed at maximizing value. Proceeds from asset sales and  
13 related funds that are no longer needed for approved development  
14 projects or to otherwise wind down the affairs of the agency, each  
15 as determined by the oversight board, shall be transferred to the  
16 county auditor-controller for distribution as property tax proceeds  
17 under Section 34188. The requirements of this subdivision shall  
18 not apply to a successor agency that has been issued a finding of  
19 completion by the Department of Finance pursuant to Section  
20 34179.7.

21 (f) Enforce all former redevelopment agency rights for the  
22 benefit of the taxing entities, including, but not limited to,  
23 continuing to collect loans, rents, and other revenues that were due  
24 to the redevelopment agency.

25 (g) Effectuate transfer of housing functions and assets to the  
26 appropriate entity designated pursuant to Section 34176.

27 (h) Expeditiously wind down the affairs of the redevelopment  
28 agency pursuant to the provisions of this part and in accordance  
29 with the direction of the oversight board.

30 (i) Continue to oversee development of properties until the  
31 contracted work has been completed or the contractual obligations  
32 of the former redevelopment agency can be transferred to other  
33 parties. Bond proceeds shall be used for the purposes for which  
34 bonds were sold unless the purposes can no longer be achieved,  
35 in which case, the proceeds may be used to defease the bonds.

36 (j) Prepare a proposed administrative budget and submit it to  
37 the oversight board for its approval. The proposed administrative  
38 budget shall include all of the following:

39 (1) Estimated amounts for successor agency administrative costs  
40 for the upcoming six-month fiscal period.

1 (2) Proposed sources of payment for the costs identified in  
2 paragraph (1).

3 (3) Proposals for arrangements for administrative and operations  
4 services provided by a city, county, city and county, or other entity.

5 (k) Provide administrative cost estimates, from its approved  
6 administrative budget that are to be paid from property tax revenues  
7 deposited in the Redevelopment Property Tax Trust Fund, to the  
8 county auditor-controller for each six-month fiscal period.

9 (l) (1) Before each six-month fiscal period, prepare a  
10 Recognized Obligation Payment Schedule in accordance with the  
11 requirements of this paragraph. For each recognized obligation,  
12 the Recognized Obligation Payment Schedule shall identify one  
13 or more of the following sources of payment:

14 (A) Low and Moderate Income Housing Fund.

15 (B) Bond proceeds.

16 (C) Reserve balances.

17 (D) Administrative cost allowance.

18 (E) The Redevelopment Property Tax Trust Fund, but only to  
19 the extent no other funding source is available or when payment  
20 from property tax revenues is required by an enforceable obligation  
21 or by the provisions of this part.

22 (F) Other revenue sources, including rents, concessions, asset  
23 sale proceeds, interest earnings, and any other revenues derived  
24 from the former redevelopment agency, as approved by the  
25 oversight board in accordance with this part.

26 (2) A Recognized Obligation Payment Schedule shall not be  
27 deemed valid unless all of the following conditions have been met:

28 (A) A Recognized Obligation Payment Schedule is prepared  
29 by the successor agency for the enforceable obligations of the  
30 former redevelopment agency. The initial schedule shall project  
31 the dates and amounts of scheduled payments for each enforceable  
32 obligation for the remainder of the time period during which the  
33 redevelopment agency would have been authorized to obligate  
34 property tax increment had the a redevelopment agency not been  
35 dissolved.

36 (B) The Recognized Obligation Payment Schedule is submitted  
37 to and duly approved by the oversight board. The successor agency  
38 shall submit a copy of the Recognized Obligation Payment  
39 Schedule to the county administrative officer, the county  
40 auditor-controller, and the Department of Finance at the same time



1 that the successor agency submits the Recognized Obligation  
2 Payment Schedule to the oversight board for approval.

3 (C) A copy of the approved Recognized Obligation Payment  
4 Schedule is submitted to the county auditor-controller and both  
5 the Controller's office and the Department of Finance and is posted  
6 on the successor agency's Internet Web site.

7 (3) The Recognized Obligation Payment Schedule shall be  
8 forward looking to the next six months. The first Recognized  
9 Obligation Payment Schedule shall be submitted to the Controller's  
10 office and the Department of Finance by April 15, 2012, for the  
11 period of January 1, 2012, to June 30, 2012, inclusive. This  
12 Recognized Obligation Payment Schedule shall include all  
13 payments made by the former redevelopment agency between  
14 January 1, 2012, through January 31, 2012, and shall include all  
15 payments proposed to be made by the successor agency from  
16 February 1, 2012, through June 30, 2012. Former redevelopment  
17 agency enforceable obligation payments due, and reasonable or  
18 necessary administrative costs due or incurred, prior to January 1,  
19 2012, shall be made from property tax revenues received in the  
20 spring of 2011 property tax distribution, and from other revenues  
21 and balances transferred to the successor agency.

22 (m) The Recognized Obligation Payment Schedule for the period  
23 of January 1, 2013, to June 30, 2013, shall be submitted by the  
24 successor agency, after approval by the oversight board, no later  
25 than September 1, 2012. Commencing with the Recognized  
26 Obligation Payment Schedule covering the period July 1, 2013,  
27 through December 31, 2013, successor agencies shall submit an  
28 oversight board-approved Recognized Obligation Payment  
29 Schedule to the Department of Finance and to the county  
30 auditor-controller no fewer than 90 days before the date of property  
31 tax distribution. The Department of Finance shall make its  
32 determination of the enforceable obligations and the amounts and  
33 funding sources of the enforceable obligations no later than 45  
34 days after the Recognized Obligation Payment Schedule is  
35 submitted. Within five business days of the department's  
36 determination, a successor agency may request additional review  
37 by the department and an opportunity to meet and confer on  
38 disputed items. The meet and confer period may vary; an untimely  
39 submittal of a Recognized Obligation Payment Schedule may result  
40 in a meet and confer period of less than 30 days. The department

1 shall notify the successor agency and the county auditor-controllers  
2 as to the outcome of its review at least 15 days before the date of  
3 property tax distribution.

4 (1) The successor agency shall submit a copy of the Recognized  
5 Obligation Payment Schedule to the Department of Finance  
6 electronically, and the successor agency shall complete the  
7 Recognized Obligation Payment Schedule in the manner provided  
8 for by the department. A successor agency shall be in  
9 noncompliance with this paragraph if it only submits to the  
10 department an electronic message or a letter stating that the  
11 oversight board has approved a Recognized Obligation Payment  
12 Schedule.

13 (2) If a successor agency does not submit a Recognized  
14 Obligation Payment Schedule by the deadlines provided in this  
15 subdivision, the city, county, or city and county that created the  
16 redevelopment agency shall be subject to a civil penalty equal to  
17 ten thousand dollars (\$10,000) per day for every day the schedule  
18 is not submitted to the department. The civil penalty shall be paid  
19 to the county auditor-controller for allocation to the taxing entities  
20 under Section 34183. If a successor agency fails to submit a  
21 Recognized Obligation Payment Schedule by the deadline, any  
22 creditor of the successor agency or the Department of Finance or  
23 any affected taxing entity shall have standing to and may request  
24 a writ of mandate to require the successor agency to immediately  
25 perform this duty. Those actions may be filed only in the County  
26 of Sacramento and shall have priority over other civil matters.  
27 Additionally, if an agency does not submit a Recognized Obligation  
28 Payment Schedule within ten days of the deadline, the maximum  
29 administrative cost allowance for that period shall be reduced by  
30 25 percent.

31 (3) If a successor agency fails to submit to the department an  
32 oversight board-approved Recognized Obligation Payment  
33 Schedule that complies with all requirements of this subdivision  
34 within five business days of the date upon which the Recognized  
35 Obligation Payment Schedule is to be used to determine the amount  
36 of property tax allocations, the department may determine if any  
37 amount should be withheld by the county auditor-controller for  
38 payments for enforceable obligations from distribution to taxing  
39 entities, pending approval of a Recognized Obligation Payment  
40 Schedule. The county auditor-controller shall distribute the portion

1 of any of the sums withheld pursuant to this paragraph to the  
2 affected taxing entities in accordance with paragraph (4) of  
3 subdivision (a) of Section 34183 upon notice by the department  
4 that a portion of the withheld balances are in excess of the amount  
5 of enforceable obligations. The county auditor-controller shall  
6 distribute withheld funds to the successor agency only in  
7 accordance with a Recognized Obligation Payment Schedule  
8 approved by the department. County auditor-controllers shall lack  
9 the authority to withhold any other amounts from the allocations  
10 provided for under Section 34183 or 34188 unless required by a  
11 court order.

12 (4) (A) The Recognized Obligation Payment Schedule payments  
13 required pursuant to this subdivision may be scheduled beyond  
14 the existing Recognized Obligation Payment Schedule cycle upon  
15 a showing that a lender requires cash on hand beyond the  
16 Recognized Obligation Payment Schedule cycle.

17 (B) When a payment is shown to be due during the Recognized  
18 Obligation Payment Schedule period, but an invoice or other billing  
19 document has not yet been received, the successor agency may  
20 utilize reasonable estimates and projections to support payment  
21 amounts for enforceable obligations if the successor agency submits  
22 appropriate supporting documentation of the basis for the estimate  
23 or projection to the department.

24 (C) A Recognized Obligation Payment Schedule may also  
25 include appropriation of moneys from bonds subject to passage  
26 during the Recognized Obligation Payment Schedule cycle when  
27 an enforceable obligation requires the agency to issue the bonds  
28 and use the proceeds to pay for project expenditures.

29 (n) Cause a postaudit of the financial transactions and records  
30 of the successor agency to be made at least annually by a certified  
31 public accountant.

32 SEC. 5. Section 34180 of the Health and Safety Code is  
33 amended to read:

34 34180. All of the following successor agency actions shall first  
35 be approved by the oversight board:

36 (a) The establishment of new repayment terms for outstanding  
37 loans where the terms have not been specified prior to the date of  
38 this part. An oversight board shall not have the authority to  
39 reestablish loan agreements between the successor agency and the  
40 city, county, or city and county that formed the redevelopment

1 agency except as provided in Chapter 9 (commencing with Section  
2 34191.1).

3 (b) The issuance of bonds or other indebtedness or the pledge  
4 or agreement for the pledge of property tax revenues (formerly tax  
5 increment prior to the effective date of this part) pursuant to  
6 subdivision (a) of Section 34177.5.

7 (c) Setting aside of amounts in reserves as required by  
8 indentures, trust indentures, or similar documents governing the  
9 issuance of outstanding redevelopment agency bonds.

10 (d) Merging of project areas.

11 (e) Continuing the acceptance of federal or state grants, or other  
12 forms of financial assistance from either public or private sources,  
13 if that assistance is conditioned upon the provision of matching  
14 funds, by the successor entity as successor to the former  
15 redevelopment agency, in an amount greater than 5 percent.

16 (f) (1) If a city, county, or city and county wishes to retain any  
17 properties or other assets for future redevelopment activities,  
18 funded from its own funds and under its own auspices, it must  
19 reach a compensation agreement with the other taxing entities to  
20 provide payments to them in proportion to their shares of the base  
21 property tax, as determined pursuant to Section 34188, for the  
22 value of the property retained.

23 (2) If no other agreement is reached on valuation of the retained  
24 assets, the value will be the fair market value as of the 2011  
25 property tax lien date as determined by an independent appraiser  
26 approved by the oversight board.

27 (g) Establishment of the Recognized Obligation Payment  
28 Schedule.

29 (h) A request by the successor agency to enter into an agreement  
30 with the city, county, or city and county that formed the  
31 redevelopment agency that it is succeeding. An oversight board  
32 shall not have the authority to reestablish loan agreements between  
33 the successor agency and the city, county, or city and county that  
34 formed the redevelopment agency except as provided in Chapter  
35 9 (commencing with Section 34191.1). Any actions to reestablish  
36 any other agreements that are in furtherance of enforceable  
37 obligations, with the city, county, or city and county that formed  
38 the redevelopment agency are invalid until they are included in an  
39 approved and valid Recognized Obligation Payment Schedule.

1 (i) A request by a successor agency or taxing entity to pledge,  
2 or to enter into an agreement for the pledge of, property tax  
3 revenues pursuant to subdivision (b) of Section 34178.

4 (j) A successor agency shall provide notice to the oversight  
5 board at least 10 days prior to entering into a contract or agreement  
6 for the use or disposition of properties pursuant to paragraph (2)  
7 of subdivision (c) of Section 34191.5. During the 10-day period  
8 the oversight board may notify the successor agency that the board  
9 intends to conduct a hearing to determine whether the contract or  
10 agreement is consistent with the successor agency's long-range  
11 property management plan. The board shall hold the hearing and  
12 issue findings within 30 days after it so notified the successor  
13 agency.

14 (k) Any document submitted by a successor agency to an  
15 oversight board for approval by any provision of this part shall  
16 also be submitted to the county administrative officer, the county  
17 auditor-controller, and the Department of Finance at the same time  
18 that the successor agency submits the document to the oversight  
19 board.

20 SEC. 6. Section 34183 of the Health and Safety Code is  
21 amended to read:

22 34183. (a) Notwithstanding any other law, from February 1,  
23 2012, to July 1, 2012, and for each fiscal year thereafter, the county  
24 auditor-controller shall, after deducting administrative costs  
25 allowed under Section 34182 and Section 95.3 of the Revenue and  
26 Taxation Code, allocate moneys in each Redevelopment Property  
27 Tax Trust Fund as follows:

28 (1) Subject to any prior deductions required by subdivision (b),  
29 first, the county auditor-controller shall remit from the  
30 Redevelopment Property Tax Trust Fund to each local agency and  
31 school entity an amount of property tax revenues in an amount  
32 equal to that which would have been received under Section 33401,  
33 33492.140, 33607, 33607.5, 33607.7, or 33676, as those sections  
34 read on January 1, 2011, or pursuant to any passthrough agreement  
35 between a redevelopment agency and a taxing entity that was  
36 entered into prior to January 1, 1994, that would be in force during  
37 that fiscal year, had the redevelopment agency existed at that time.  
38 The amount of the payments made pursuant to this paragraph shall  
39 be calculated solely on the basis of passthrough payment  
40 obligations, existing prior to the effective date of this part and

1 continuing as obligations of successor entities, shall occur no later  
2 than May 16, 2012, and no later than June 1, 2012, and each  
3 January 2 and June 1 thereafter. Notwithstanding subdivision (e)  
4 of Section 33670, that portion of the taxes in excess of the amount  
5 identified in subdivision (a) of Section 33670, which are  
6 attributable to a tax rate levied by a taxing entity for the purpose  
7 of producing revenues in an amount sufficient to make annual  
8 repayments of the principal of, and the interest on, any bonded  
9 indebtedness for the acquisition or improvement of real property  
10 shall be allocated to, and when collected shall be paid into, the  
11 fund of that taxing entity. The amount of passthrough payments  
12 computed pursuant to this section, including any passthrough  
13 agreements, shall be computed as though the requirement to set  
14 aside funds for the Low and Moderate Income Housing Fund was  
15 still in effect.

16 (2) Second, on June 1, 2012, and each January 2 and June 1  
17 thereafter, to each successor agency for payments listed in its  
18 Recognized Obligation Payment Schedule for the six-month fiscal  
19 period beginning January 1, 2012, and July 1, 2012, and each  
20 January 2 and June 1 thereafter, in the following order of priority:

21 (A) Debt service payments scheduled to be made for tax  
22 allocation bonds.

23 (B) Payments scheduled to be made on revenue bonds, but only  
24 to the extent the revenues pledged for them are insufficient to make  
25 the payments and only if the agency's tax increment revenues were  
26 also pledged for the repayment of the bonds.

27 (C) Payments scheduled for other debts and obligations listed  
28 in the Recognized Obligation Payment Schedule that are required  
29 to be paid from former tax increment revenue.

30 (3) Third, on June 1, 2012, and each January 2 and June 1  
31 thereafter, to each successor agency for the administrative cost  
32 allowance, as defined in Section 34171, for administrative costs  
33 set forth in an approved administrative budget for those payments  
34 required to be paid from former tax increment revenues.

35 (4) Fourth, on January 2, 2014, and each January 2 and June 1  
36 thereafter until June 1, 2018, for the housing entity administrative  
37 cost allowance payable to the ~~city, county, or city and county~~ *local*  
38 *housing authority* that has assumed the housing duties of the former  
39 redevelopment agency pursuant to *paragraph (2) or (3) of*  
40 *subdivision (b) of* Section 34176.

1 (5) Fifth, on June 1, 2012, and each January 2 and June 1  
2 thereafter, any moneys remaining in the Redevelopment Property  
3 Tax Trust Fund after the payments and transfers authorized by  
4 paragraphs (1) to (4), inclusive, shall be distributed to local  
5 agencies and school entities in accordance with Section 34188.

6 (b) If the successor agency reports, no later than April 1, 2012,  
7 and May 1, 2012, and each December 1 and May 1 thereafter, to  
8 the county auditor-controller that the total amount available to the  
9 successor agency from the Redevelopment Property Tax Trust  
10 Fund allocation to that successor agency's Redevelopment  
11 Obligation Retirement Fund, from other funds transferred from  
12 each redevelopment agency, and from funds that have or will  
13 become available through asset sales and all redevelopment  
14 operations, are insufficient to fund the payments required by  
15 paragraphs (1) to (4), inclusive, of subdivision (a) in the next  
16 six-month fiscal period, the county auditor-controller shall notify  
17 the Controller and the Department of Finance no later than 10 days  
18 from the date of that notification. The county auditor-controller  
19 shall verify whether the successor agency will have sufficient funds  
20 from which to service debts according to the Recognized  
21 Obligation Payment Schedule and shall report the findings to the  
22 Controller. If the Controller concurs that there are insufficient  
23 funds to pay required debt service, the amount of the deficiency  
24 shall be deducted first from the amount remaining to be distributed  
25 to taxing entities pursuant to paragraph (5), and if that amount is  
26 exhausted, from amounts available for distribution for  
27 administrative costs in paragraphs (3) and (4), with those amounts  
28 in paragraph (3) to be exhausted first. If an agency, pursuant to  
29 the provisions of Section 33492.15, 33492.72, 33607.5, 33671.5,  
30 33681.15, or 33688 or as expressly provided in a passthrough  
31 agreement entered into pursuant to Section 33401, made  
32 passthrough payment obligations subordinate to debt service  
33 payments required for enforceable obligations, funds for servicing  
34 bond debt may be deducted from the amounts for passthrough  
35 payments under paragraph (1), as provided in those sections, but  
36 only to the extent that the amounts remaining to be distributed to  
37 taxing entities pursuant to paragraph (5) and the amounts available  
38 for distribution for administrative costs in paragraphs (3) and (4)  
39 have all been exhausted.

1 (c) The county treasurer may loan any funds from the county  
2 treasury to the Redevelopment Property Tax Trust Fund of the  
3 successor agency for the purpose of paying an item approved on  
4 the Recognized Obligation Payment Schedule at the request of the  
5 Department of Finance that are necessary to ensure prompt  
6 payments of redevelopment agency debts. An enforceable  
7 obligation is created for repayment of those loans.

8 (d) The Controller may recover the costs of audit and oversight  
9 required under this part from the Redevelopment Property Tax  
10 Trust Fund by presenting an invoice therefor to the county  
11 auditor-controller who shall set aside sufficient funds for and  
12 disburse the claimed amounts prior to making the next distributions  
13 to the taxing entities pursuant to Section 34188. Subject to the  
14 approval of the Director of Finance, the budget of the Controller  
15 may be augmented to reflect the reimbursement, pursuant to  
16 Section 28.00 of the Budget Act.

17 (e) Within 10 days of each distribution of property tax, the  
18 county auditor-controller shall provide a report to the department  
19 regarding the distribution for each successor agency that includes  
20 information on the total available for allocation, the passthrough  
21 amounts and how they were calculated, the amounts distributed  
22 to successor agencies, and the amounts distributed to taxing entities  
23 in a manner and form specified by the department. This reporting  
24 requirement shall also apply to distributions required under  
25 subdivision (b) of Section 34183.5.

26 SEC. 7. Section 34191.4 of the Health and Safety Code is  
27 amended to read:

28 34191.4. The following provisions shall apply to any successor  
29 agency that has been issued a finding of completion by the  
30 Department of Finance:

31 (a) All real property and interests in real property identified in  
32 subparagraph (C) of paragraph (5) of subdivision (c) of Section  
33 34179.5 shall be transferred to the Community Redevelopment  
34 Property Trust Fund of the successor agency upon approval by the  
35 Department of Finance of the long-range property management  
36 plan submitted by the successor agency pursuant to subdivision  
37 (b) of Section 34191.7 unless that property is subject to the  
38 requirements of any existing enforceable obligation.

39 (b) (1) Notwithstanding subdivision (d) of Section 34171, upon  
40 application by the successor agency and approval by the oversight



1 board, loan agreements entered into between the redevelopment  
2 agency and the city, county, or city and county that created the  
3 redevelopment agency shall be deemed to be enforceable  
4 obligations provided that the oversight board makes a finding that  
5 the loan was for legitimate redevelopment purposes.

6 (2) If the oversight board finds that the loan is an enforceable  
7 obligation, the accumulated interest on the remaining principal  
8 amount of the loan shall be recalculated from origination at the  
9 interest rate earned by funds deposited into the Local Agency  
10 Investment Fund. The loan shall be repaid to the city, county, or  
11 city and county in accordance with a defined schedule over a  
12 reasonable term of years at an interest rate not to exceed the interest  
13 rate earned by funds deposited into the Local Agency Investment  
14 Fund. The annual loan repayments provided for in the recognized  
15 ~~obligations~~ obligation payment schedules shall be subject to all of  
16 the following limitations:

17 (A) Loan repayments shall not be made prior to the 2013–14  
18 fiscal year. Beginning in the 2013–14 fiscal year, the maximum  
19 repayment amount authorized each fiscal year for repayments  
20 made pursuant to this subdivision and paragraph (7) of subdivision  
21 (e) of Section 34176 combined shall be equal to one-half of the  
22 increase between the amount distributed to the taxing entities  
23 pursuant to paragraph (5) of subdivision (a) of Section 34183 in  
24 that fiscal year and the amount distributed to taxing entities  
25 pursuant to that paragraph in the 2012–13 base year, provided,  
26 however, that calculation of the amount distributed to taxing  
27 entities during the 2012–13 base year shall not include any amounts  
28 distributed to taxing entities pursuant to the due diligence review  
29 process established in Sections 34179.5 to 34179.8, inclusive.  
30 Loan or deferral repayments made pursuant to this subdivision  
31 shall be second in priority to amounts to be repaid pursuant to  
32 paragraph (7) of subdivision (e) of Section 34176.

33 (B) Repayments received by the city, county, or city and county  
34 that formed the redevelopment agency shall first be used to retire  
35 any outstanding amounts borrowed and owed to the Low and  
36 Moderate Income Housing Fund of the former redevelopment  
37 agency for purposes of the Supplemental Educational Revenue  
38 Augmentation Fund and shall be distributed to the Low and  
39 Moderate Income Housing Asset Fund established by subdivision  
40 (d) of Section 34176.

1 (C) Twenty percent of any loan repayment shall be deducted  
2 from the loan repayment amount and shall be transferred to the  
3 Low and Moderate Income Housing Asset Fund, after all  
4 outstanding loans from the Low and Moderate Income Housing  
5 Fund for purposes of the Supplemental Educational Revenue  
6 Augmentation Fund have been paid.

7 (c) (1) Bond proceeds derived from bonds issued on or before  
8 December 31, 2010, shall be used for the purposes for which the  
9 bonds were sold.

10 (2) (A) Notwithstanding Section 34177.3 or any other  
11 conflicting provision of law, bond proceeds in excess of the  
12 amounts needed to satisfy approved enforceable obligations shall  
13 thereafter be expended in a manner consistent with the original  
14 bond covenants. Enforceable obligations may be satisfied by the  
15 creation of reserves for projects that are the subject of the  
16 enforceable obligation and that are consistent with the contractual  
17 obligations for those projects, or by expending funds to complete  
18 the projects. An expenditure made pursuant to this paragraph shall  
19 constitute the creation of excess bond proceeds obligations to be  
20 paid from the excess proceeds. Excess bond proceeds obligations  
21 shall be listed separately on the Recognized Obligation Payment  
22 Schedule submitted by the successor agency.

23 (B) If remaining bond proceeds cannot be spent in a manner  
24 consistent with the bond covenants pursuant to subparagraph (A),  
25 the proceeds shall be used to defease the bonds or to purchase  
26 those same outstanding bonds on the open market for cancellation.

27 SEC. 8. Section 34191.5 of the Health and Safety Code is  
28 amended to read:

29 34191.5. (a) There is hereby established a Community  
30 Redevelopment Property Trust Fund, administered by the successor  
31 agency, to serve as the repository of the former redevelopment  
32 agency's real properties identified in subparagraph (C) of paragraph  
33 (5) of subdivision (c) of Section 34179.5.

34 (b) The successor agency shall prepare a long-range property  
35 management plan that addresses the disposition and use of the real  
36 properties of the former redevelopment agency. The report shall  
37 be submitted to the oversight board and the Department of Finance  
38 for approval no later than six months following the issuance to the  
39 successor agency of the finding of completion.

1 (c) The long-range property management plan shall do all of  
2 the following:

3 (1) Include an inventory of all properties in the trust. The  
4 inventory shall consist of all of the following information:

5 (A) The date of the acquisition of the property and the value of  
6 the property at that time, and an estimate of the current value of  
7 the property.

8 (B) The purpose for which the property was acquired.

9 (C) Parcel data, including address, lot size, and current zoning  
10 in the former agency redevelopment plan or specific, community,  
11 or general plan.

12 (D) An estimate of the current value of the parcel including, if  
13 available, any appraisal information.

14 (E) An estimate of any lease, rental, or any other revenues  
15 generated by the property, and a description of the contractual  
16 requirements for the disposition of those funds.

17 (F) The history of environmental contamination, including  
18 designation as a brownfield site, any related environmental studies,  
19 and history of any remediation efforts.

20 (G) A description of the property's potential for transit-oriented  
21 development and the advancement of the planning objectives of  
22 the successor agency.

23 (H) A brief history of previous development proposals and  
24 activity, including the rental or lease of property.

25 (2) Address the use or disposition of all of the properties in the  
26 trust. Permissible uses include the retention of the property for  
27 governmental use pursuant to subdivision (a) of Section 34181,  
28 the retention of the property for future development, the sale of  
29 the property, or the use of the property to fulfill an enforceable  
30 obligation. The plan shall separately identify and list properties in  
31 the trust dedicated to governmental use purposes and properties  
32 retained for purposes of fulfilling an enforceable obligation. With  
33 respect to the use or disposition of all other properties, all of the  
34 following shall apply:

35 (A) (i) If the plan directs the use or liquidation of the property  
36 for a project identified in an approved redevelopment plan, the  
37 property shall transfer to the city, county, or city and county.

38 (ii) For purposes of this subparagraph, the term "identified in  
39 an approved redevelopment plan" includes properties listed in a  
40 community plan or a five-year implementation plan.

1 (B) If the plan directs the liquidation of the property or the use  
2 of revenues generated from the property, such as lease or parking  
3 revenues, for any purpose other than to fulfill an enforceable  
4 obligation or other than that specified in subparagraph (A), the  
5 proceeds from the sale shall be distributed as property tax to the  
6 taxing entities.

7 (C) Property shall not be transferred to a successor agency, city,  
8 county, or city and county, unless the long-range property  
9 management plan has been approved by the oversight board and  
10 the Department of Finance.

11 SEC. 9. No reimbursement is required by this act pursuant to  
12 Section 6 of Article XIII B of the California Constitution because  
13 this act provides for offsetting savings to local agencies or school  
14 districts that result in no net costs to the local agencies or school  
15 districts, within the meaning of Section 17556 of the Government  
16 Code.